

**GLOSSARY TO THE INVESTMENT  
SERVICES RULES FOR ALTERNATIVE  
INVESTMENT FUNDS**

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This Glossary should be read in conjunction with the Investment Services Rules for Alternative Investment Funds issued by the MFSA.

## A

<b>“Act” or “ISA”</b>	The Investment Services Act, 1994
<b>“Accrual Period”</b> which measured	The term “Accrual Period” means the period during the performance of the staff member is assessed and for the purposes of determining its remuneration.
<b>“Administration”</b>	The provision of any of the following services: <ul style="list-style-type: none"><li>- legal and fund management accounting services;</li><li>- customer inquiries;</li><li>- valuation and pricing, including tax returns;</li><li>- regulatory compliance monitoring;</li><li>- maintenance of unit-/shareholder register;</li><li>- distribution of income;</li><li>- unit/shares issues and redemptions;</li><li>- contract settlements including certificate dispatch;</li><li>- record keeping.</li></ul>
<b>“Administrator”</b>	A person appointed by the Scheme or its AIFM responsible for the provision of Administration services to the Scheme.
<b>“Advertorial”</b>	The term “Advertorial” means an editorial with an advertising content. Advertorials are in their majority press releases or other editorials, which are offered to the Scheme free of charge and which content ordinarily includes a description of the features of the investment product and/or service concerned and what such product and/or service aims to offer to potential investors. Advertorials usually also include launch offer details, rates of return or other income offered by the investment.
<b>“Advisor”</b>	See “Investment Advisor”.
<b>“Alternative Investment Fund” or “AIF”</b>	The term “AIF” means a Collective Investment Scheme, including sub-funds thereof, which raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors, and which does not qualify as a UCITS Scheme in terms of the UCITS Directive.
<b>“Alternative Investment Fund Manager” or “AIFM”</b>	The term “AIFM” means a legal person whose regular business is managing one or more AIFs.

**“Alternative Investment Fund Managers Directive” “AIFMD”** Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment or Fund Managers and amending Directive 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

## B

**“Beneficial Owner(s)”** The term “Beneficial Owner(s)” shall have the same meaning as that assigned to it by regulation 2 of the Prevention of Money Laundering and Funding of Terrorism Regulations.

**“Branch”** The term term “Branch” means the place of business which is part of the management company whether this is a UCITS management company or an AIFM, which has no legal personality and which provides the services for which the management company has been authorised. All the places of business established in the same Member State or EEA State by a management company having its head office in another Member State or EEA State shall be regarded as a single branch.

## C

**“Carried Interest”** The term “Carried Interest” means a share in the profits of the AIF accrued to the AIFM as compensation for the management of the AIF and excluding any share in the profits of the AIF accrued to the AIFM as a return on any investment by the AIFM into the AIF.

**“Civil Partner”** The term “Civil Partner” shall mean a partner bound by a civil union or a union of equivalent status in terms of the Civil Unions Act.

**“Civil Union”** The term “civil union” shall mean a civil union or a union of equivalent status in terms of the Civil Unions Act.

**“Clawback”** The term “Clawback” means a contractual agreement in which the staff member agrees to return ownership of an amount of remuneration to the AIFM under certain circumstances. This can be applied to both upfront and deferred variable remuneration. When related to risk outcomes, Clawback is a form of ex-post risk adjustment.

<b>“Close Links”</b>	The term “Close Links” shall have the same meaning as that assigned to it in Appendix 9 to Part B of the Investment Services Rules for Investment Services Providers.
<b>“Collective Investment Scheme”</b>	The term “Collective Investment Scheme” shall have the same meaning as that assigned to it by article 2 of the Act and shall include any sub-funds of such Scheme.
<b>“Collective Investment Scheme License”</b>	The term “Collective Investment Scheme Licence” shall have the same meaning as that assigned to it by article 2 of the Act.
<b>“Compliance Officer”</b>	The term “Compliance Officer” means the person appointed by the Scheme, responsible for ensuring compliance by the Scheme with its applicable Standard Licence Conditions.
<b>“Constitutional Document”</b>	The term “Constitutional Document” refers to the documents constituting a Scheme. In the case of an investment company, Memorandum and Articles of Association, statutory documents, or other instruments of incorporation; in the case of a limited partnership the Deed of Partnership contract or partnership agreement; in the case of a unit trust the trust deed; and in the case of a contractual fund the Fund Rules.
<b>“Control”</b>	The term “Control” means the relationship between a parent undertaking and a subsidiary undertaking as defined in Article 2 of the Companies Act, or a similar relationship between any natural or legal person and an undertaking.
<b>“Control Functions”</b>	The term “Control Functions” means staff (other than Senior Management) responsible for risk management, compliance, internal audit and similar functions within the AIFM (e.g. the CFO to the extent that he/she is responsible for the preparation of the financial statements).
<b>“Custodian”</b>	The person appointed by the Scheme responsible for safekeeping of the assets of the Scheme and for carrying a monitoring function over the activities of the AIFM.

# D

<b>“Deferral Period”</b>	The term “Deferral Period” means the period during which variable remuneration is withheld following the end of the Accrual Period.
<b>“Delegation”</b>	The term “Delegation” means an arrangement of any form between a Scheme and a service provider by which that service provider performs a process, a service or an activity which would otherwise be undertaken by the Scheme itself.
<b>“DORA”</b>	Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector, and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 as may be amended from time to time, and includes any binding legal instruments, guidelines and other measures that have been or may be issued thereunder.
<b>“Durable Medium”</b>	The term “Durable Medium” is any instrument which enables a client to store information addressed personally to that a client in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.

# E

<b>“EEA”</b>	European Economic Area
<b>“EEA State”</b>	The term term “EEA State” shall have the same meaning as that assigned to it by article 2 of the Act.
<b>“Established”</b>	The term “Established” means: <ul style="list-style-type: none"><li>(a) for AIFMs, ‘having its registered office in’;</li><li>(b) for AIFs, ‘being authorised or registered in’, or if the AIF is not authorised or registered, ‘having its registered office in’;</li><li>(c) for Custodians, ‘having its registered office or branch in’;</li></ul>

(d) for legal representatives that are legal persons, 'having its registered office or branch in';

(e) for legal representatives that are natural persons, 'domiciled in'.

**"EU"** European Union

**"European AIF"** The term "European AIF" means:

(a) An AIF which is authorised or registered in a Member State or EEA State other than Malta under the applicable national law; or

(b) An AIF which is not authorised or registered in a Member State or EEA State other than Malta, but has its registered office and/or head office in a Member State or EEA State.

**"European AIFM"** The term "European AIFM" means an AIFM which has its registered office in a Member State or EEA State other than Malta.

**"ESMA"** European Securities and Markets Authority

## F

**"Feeder AIF"** The term "Feeder AIF" means an AIF or sub-fund thereof which has been approved to invest at least eighty five per cent of its assets in units of another AIF or sub-fund thereof in terms of the AIFMD.

**"Financial Instrument"** See "instrument".

## H

**"Holding Company"** The term "Holding Company" means a company with shareholdings in one or more other companies, the commercial purpose of which is to carry out a business strategy or strategies through its subsidiaries, associated companies or participations in order to contribute to their long-term value, and which is either a company:

(a) Operating on its own account and whose shares are admitted to trading on a regulated market in the EU; or

- (b) Not established for the main purpose of generating returns for its investors by means of divestment of its subsidiaries or assorted companies as evidence in its annual report or other official documents.

**“Home Member State”**

The term “Home Member State” shall have:

- (a) the meaning assigned to “home Member State or EEA State” in Regulation 2 of the European Passport Right for Investment Firms Regulations 2007, as may be amended from time to time; or
- (b) the meaning assigned to “home Member State or EEA State” in Regulation 2 of the Investment Services Act (UCITS Management Company Passport) Regulations, 2011, as may be amended from time to time; or
- (c) the meaning assigned to “home Member State or EEA State” in Regulation 2 of the Investment Services Act (Alternative Investment Fund Manager Passport) Regulations, 2013.



**“Identified Staff”**

The term “Identified Staff” shall mean categories of staff, including Senior Management, risk takers, control functions and any employee receiving total remuneration that takes them into the same Remuneration Bracket as Senior Management and risk takers, whose professional activities have a material impact on the AIFM’s risk profile or the risk profiles of the AIFs it manages and categories of staff of the entity/-ies to which portfolio management or risk management activities have been delegated by the AIFM, whose professional activities have a material impact on the risk profiles of the AIF that the AIFM manages.

**“Instrument(s)”**

The term term “Instrument” shall have the same meaning as that assigned to it in Article 2 of the Act. In particular, with regards to the use of the term in Appendix 8 to Part B of these Rules, the term “Instruments” shall mean units or shares of the AIFs managed by the AIFM or equivalent ownership interests (including –for AIFs issuing only units –unit-linked instruments), subject to the legal structure of the AIFs concerned and their Constitutional Documents and/or offering document, or share-linked

instruments or equivalent non-cash instruments.

<b>“Investment”</b>	Any instrument, contract or right falling within the Second Schedule to the Act and whether or not issued or entered into in Malta.
<b>“Investment Advertisement”</b>	The term “investment advertisement” shall have the same meaning as that assigned to it in article 2 of the Act.
<b>“Investment Advisor”</b>	The term “Investment Advisor” means a person appointed by the Scheme or its AIFM responsible for  advising the Scheme or the AIFM regarding the investment and re-investment of the assets of the Scheme.
<b>“Investment Committee”</b>	The term “Investment Committee” means an internal committee of a self- managed Scheme appointed by the board of directors of the Scheme.
<b>“Investment Firm”</b>	The term “Investment Firm” shall have the same meaning as that assigned to it in Regulation 2 of the European Passport Rights for Investment Firms Regulations, 2007.
<b>“Investment Service”</b>	The term “Investment Service” shall have the same meaning as that assigned to it in Article 2 of the Act.
<b>“Investment Services Licence”</b>	The term “Investment Services Licence” shall have the same meaning as assigned to it in article 2 of the Act.
<b>“Investment Services Licence Holder”</b>	The term “Investment Services Licence Holder” means a person who holds an Investment Services Licence.
<b>“Investment Services Rules for Investment Service Providers”</b>	Investment Services Rules issued by the MFSA in terms of article 6 of the Act applicable to Investment Services Licence Holders and equivalent authorised persons.
<b>“Investment Services Rules for Professional Investor Funds”</b>	Investment Services Rules issued by the MFSA in terms of article 6 of the Act applicable to Professional Investor Funds.
<b>“Investment Services Rules for Recognized Persons”</b>	Investment Services Rules issued by the MFSA in terms of the Act applicable to Recognised Private Collective Investment Schemes, Recognised Fund Administrators and Recognised Incorporated Cell Companies.
<b>“Investment Services Rules for Retail Collective”</b>	Investment Services Rules issued by the MFSA in terms of article 6 of the Act applicable to Retail Collective

**Investment Schemes”** Investment Schemes.

**“Issuer”** The term ‘Issuer’ means an issuer within the meaning of Article 2(1)(d) of Directive 2004/109/EC where that issuer has its registered office in the EU, and its shares are admitted to trading on a regulated market within the meaning of Article 4(1)(21) of MIFID.

## L

**“Leverage”** The term “leverage” means any method by which a self managed Scheme increases the exposure of its investment portfolio whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

**“Listing Authority”** The term “ Listing Authority” means the authority defined in Article 2 of the Financial Markets Act, Cap. 345.

## M

**“Malus”** The term “Malus” shall mean an arrangement that permits the AIFM to prevent vesting of all or part of the amount of a deferred remuneration award in relation to risk outcomes or performances of the AIFM as a whole, the business unit, the AIF and, where possible the staff member. Malus is a form of ex-post risk adjustment.

**“Marketing”** The term “Marketing” means a direct or indirect offerin or placement at the initiative of an AIFM or on behalf of the AIFM of units or shares of an AIF it manages to or with investors domiciled or with a registered office in the EU.

**“Marketing Communications”** See “Investment Advertisement”.

**“Member State”** The term “Member State” shall have the same meaning as that assigned to it by Regulation 2 of the Investment Services Act (Marketing of UCITS) Regulations, 2011.

**“MFSA”** The Malta Financial Services Authority.

**“MIFID”** Directive 2004/39/EC of the European Parliament and of the Council of the 21<sup>st</sup> April 2004 on markets in financial instruments amending Council Directives 85/611EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council

Directive 93/22/EEC.

**“Mixed Activity Holding Company”**

Mixed Activity Holding Company shall have the same meaning as that assigned to it in point (22) of Article 4(1) of the CRR, i.e. a parent undertaking, other than a financial holding company of an institution or a mixed financial holding company, the subsidiaries of which include at least one institution;

**“Mixed Financial Holding Company”**

Mixed Financial Holding Company shall have the same meaning as that assigned to it in point (21) of Article 4(1) of the CRR, i.e. a mixed financial holding company as defined in point (15) of Article 2 of Directive 2002/87/EC;

**“Money Laundering Reporting Officer” or “MLRO”**

The Money Laundering Reporting Officer is the person appointed by an Investment Services Licence Holder in terms of Regulation 10 of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2003.

**“Money Market Instruments”**

Money Market Instruments are instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.

**“Multilateral Trading Facility” or “MTF”**

An MTF is a multilateral system, operated by a licence Holder or a market operator, which brings together multiple third-party buying and selling interests in financial instruments - in a system and in accordance with non discretionary rules – In a way that results in a contract in accordance with the provisions of the MIFID.

## N

**“Non-listed Company”**

“Non-listed company” means a company which has its registered office in the Union and the shares of which are not admitted to trading on a regulated market within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC;

## O

**“Off-Market Deal”**

An Off-Market Deal is a transaction in shares admitted to trading on a regulated market but which is concluded outside a regulated market or MTF.

**“Outsourcing”**

Outsourcing is an arrangement of any form between a Licence Holder and a service provider by which that service provider performs a process, a service or an activity which would otherwise be undertaken by the Licence Holder himself.

# P

<b>“Parent Undertaking”</b>	“Parent Undertaking” means a parent undertaking within the meanings of Articles 1 and 2 of Directive 83/349/EEC.
<b>“Parent Financial Holding Company in a Member State”</b>	“Parent Financial Holding Company in a Member State” shall have the same CRR, i.e. a financial holding company which is not itself a subsidiary of an institution authorised in the same Member State, or of a financial holding company or mixed financial holding company set up in the same Member State.
<b>“Parent Investment Firm”</b>	“Parent Investment Firm” means an investment firm licensed in terms of the Act which has an institution or a financial institution as a subsidiary or which holds a participation in such an institution or financial institution, and which is not itself a subsidiary of another institution licensed in terms of the Act, or of a financial holding company or mixed financial holding company established in Malta.
<b>“Parent Institution”</b>	“Parent Institution” shall have the same meaning as that assigned to it in regulation 2 of the Banking Act and the Investment Services Act (Supervisory Consolidation Regulations) 2014
<b>“Parent Mixed Financial Holding Company in a Member State”</b>	“Parent Mixed Financial Holding Company in a Member State” shall have the same meaning as that assigned to it in point (32) of Article 4(1) of the CRR, i.e. a mixed financial holding company which is not itself a subsidiary of an institution authorised in the same Member State, or of a financial holding company or mixed financial holding company set up in that same Member State.
<b>“Participation”</b>	“Participation” shall have the same meaning as that assigned to it in point (35) of Article 4(1) of the CRR, i.e. participation within the meaning of the first sentence of article 17 of Fourth Council Directive 78/660/EEC of 25 July 1978 on the annual accounts of certain types of companies, or the ownership, direct or indirect, of 20% or more of the voting rights or capital of an undertaking.
<b>“Person with whom a relevant person has a family relationship”</b>	Any of the following: (a) the spouse of the relevant person or any partner of that person considered by national law as equivalent to a spouse, including a civil partner; (b) a dependent child or stepchild of the relevant person; (c) any other relative of the relevant person who has shared the same household as that person for at least one year on the date of the personal transaction concerned.

<b>“Personal Questionnaire” or “PQ”</b>	The Personal Questionnaire, which is also referred to as the ‘PQ’ is available in Schedule F to Part A of the Investment Services Rules for Investment Services Providers.
<b>“Prime Broker”</b>	A prime broker means a credit institution, a regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional investors primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customised technology and operational support facilities.
<b>“PRIIPs”</b>	The term “PRIIPs” shall have the same meaning as defined in Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as amended from time to time.
<b>“Professional Client”</b>	<p>A client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. The following should all be regarded as professionals in all investment services and activities and with respect to all the financial instruments mentioned in Schedule 2 to the Investment Services Act, 1994:</p> <p>(a) Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood</p> <p>as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a non-Member State:</p> <ol style="list-style-type: none"> <li>i. Credit Institutions;</li> <li>ii. Investment Firms;</li> <li>iii. Other authorised or regulated financial institutions;</li> <li>iv. Insurance Companies;</li> <li>v. Collective investment schemes and management companies of such schemes;</li> <li>vi. Pension funds and management companies of such funds;</li> </ol>

- vii. Commodity and commodity derivatives dealers;
- viii. Locals;
- ix. Other institutional investors

(b) Large undertakings meeting two of the following size requirements on a company basis:

- i. balance sheet total: EUR20,000,000
- ii. net turnover: EUR40,000,000
- iii. own funds: EUR2,000,000

(c) National and regional governments, public bodies that manage public debt, Central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.

(d) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Clients not falling under any of the above categories, including public sector bodies and private individual investors may also be treated as professional clients upon request subject to the conditions and procedure set out in Section 2 of Part B of these Rules.

**“Proxy Advisor”**

Proxy Advisor means a legal person that analyses, on a professional and commercial basis, the corporate disclosure and, where relevant, other information of listed companies with a view to informing investors’ voting decisions by providing research, advice or voting recommendations that relate to the exercise of voting rights;

## Q

**“Qualifying Shareholder”** A person who has a Qualifying Shareholding.

**“Qualifying Shareholding”** Shall have the same meaning as that assigned to it by Article 2 of the Act.

# R

<b>“Recognised Fund Administrator” or “Recognised Administrator”</b>	A person who is in possession of recognition to act as an administrator of a collective investment scheme, in or from Malta, in terms of Article 9A of the Act.
<b>“Regulated Market”</b>	<p>For the purpose of these rules “regulated market” means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary</p> <p>rules – in a way which results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly in accordance with the provisions of Title III of the MiFID.</p>
<b>“Regulation No 345/2013”</b> as	The term “Regulation No 345/2013” shall be understood referring to Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European Venture Capital Funds.
<b>“Regulation No 346/2013”</b> as	The term “Regulation No 346/2013” shall be understood referring to Regulation (EU) No. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European Social Entrepreneurship Funds.
<b>“Relevant person” (when used in relation to a License Holder)</b>	<p>Any of the following:</p> <p>(a) a director, partner or equivalent, manager of the Licence Holder</p> <p>(b) an employee of the Licence holder, as well as any other natural person whose services are placed at the disposal and under the control of the Licence Holder and who is involved in the provision by the Licence Holder of investment services and activities;</p> <p>(c) a natural person who is directly involved in the provision of services to the Licence Holder under an outsourcing arrangement for the purpose of the provision by the Licence Holder of investment services and activities.</p>
<b>“Reportable Instrument”</b>	Instrument which has been admitted to listing and trading on a Regulated Market.
<b>“Remuneration Bracket”</b>	“Remuneration Bracket” means the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories.

<b>“Retail Client”</b>	A client who is not a professional client.
<b>“Retention Period”</b>	The term “retention period” means the period of time during which variable remuneration that has been already vested and paid out in the form of instruments cannot be sold.

## S

<b>“Scheme”</b>	See “Collective Investment Scheme”.
<b>“Securities Financing Transaction”</b>	An instance of stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.
<b>“Senior Management”</b>	Those natural persons who exercise executive functions within the Licence Holder and who are responsible, and accountable to the Management Body, for the day-to-day management of the Licence Holder.
<b>“Shareholders Intermediary”</b>	“Shareholders Intermediary” means a Licence holder acting as an intermediary when investing in shares of listed companies on behalf of shareholders being natural or legal person that is recognised as a shareholder under the applicable law.
<b>“Significant Influence”</b>	Is exercised where a proposed acquirer’s shareholding, although below the 10% threshold, allows it to exercise a significant influence over the management of the Investment Services Licence Holder (for example, allows it to have a representative on the board of directors).
<b>“Special Purpose Vehicle” or “SPV”</b>	A special purpose vehicle: <ol style="list-style-type: none"> <li>1. set up by the Scheme as part of its investment strategy for the purpose of achieving its investment objectives; and</li> <li>2. owned or controlled via majority shareholding of the voting shares either directly or indirectly by the Scheme; and</li> <li>3. having the majority of its directors in common with the Scheme which set it up.</li> </ol>
<b>“Sub-consolidated basis”</b>	“Sub-consolidated basis” shall have the same meaning as that assigned to it in point (49) of Article 4(1) of the CRR, i.e. on the basis of the consolidated situation of a parent institution, financial holding company or mixed financial holding company, excluding a sub-group of entities, or on the basis of the consolidated situation of a parent institution, financial holding company or

mixed financial holding company that is not the ultimate parent institution, financial holding company or mixed financial holding company.

**“Supervisory Function”** ‘Supervisory function’ means the relevant persons or body or bodies responsible for overseeing and monitoring management decision making including the assessment and periodical review of the adequacy and effectiveness of the risk management process and of the policies, arrangements and procedures put in place to comply with the Licence Holders’ obligations, including its obligations where applicable under the CRD/ CRR, UCITS and MiFID Directives.

With regards to the AIFMD, “supervisory function” means the relevant persons or body or bodies responsible for the supervision of the AIFM’s senior management and for the assessment and periodical review of the adequacy and effectiveness of the risk management process and of the policies, arrangements and procedures put in place to comply with the obligations under the AIFMD. For those AIFMs that given their size, internal organisation and the nature, scope and complexity of their activities or their legal structure do not have a separate supervisory function, the supervisory function should be understood as the member or members of the management body responsible for these functions.

**“Supervisory Authorities in relation to non-EU AIFs or non-EU AIFMs”** The terms “supervisory authorities in relation to non-EU AIFs or non EU AIFMs” means the national authorities of a third country which are empowered by law or regulation to supervise AIFs or AIFMs as applicable.

**“Sustainability Risk”** “Sustainability Risk” means sustainability risk as defined in Article 2, point (22), of Regulation (EU) 2019/2088 of the European Parliament and of the Council.

**“Sustainability Factors”** “Sustainability Factors means means sustainability factors as defined in Article 2, point (24), of Regulation (EU) 2019/2088 of the European Parliament and of the Council.

**“Systematic Internaliser”** An Investment Firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF.

**“Systemically Important Institution”** Means an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company or an institution the failure or malfunction of which could lead to systemic risk.

**“Systemic Risk”** Means a risk of disruption in the financial system with the potential to have serious negative consequences for the financial system and the real economy.

# T

- “Tied Agent”** A natural or legal person, who under the full and unconditional responsibility of only one Investment Services Licence Holder or European Investment Firm and on whose behalf it acts, promotes investment and, or ancillary services to clients or prospective clients, receives and transmits instructions or orders from the client in respect of investment services or instruments, places instruments and, or provides investment advice to clients or prospective clients in respect of those instruments or services.
- “Third Country”** A country which is not an EU or an EEA Member State.
- “Transferable Securities”** Those classes of securities which are negotiable on the capital market, with the exception of instruments of payment such as:
- a. shares in companies and other securities equivalent to shares in companies, partnerships or other entities and depositary receipts in respect of shares;
  - b. bonds or other forms of securitised debt, including depositary receipts in respect of such securities;
  - c. any other securities giving right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.
- “Spouse”** The term “spouse” includes a partner bound by a civil union or by a union of equivalent status in terms of the Civil Unions Act.

# U

- “UCITS”** A collective investment scheme, whether of the unit trust or open-ended investment company variety, falling within the scope of and authorised in terms of the UCITS Directive.
- “UCITS Directive”** Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws,

regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast) and includes an implementing measures that have been or may be issued thereunder;

**“Units”**

Shares in an investment company, units in a unit trust, or any other form of representation of the rights and interests of participants in a Collective Investment Scheme.

## V

**“Vesting point”**

An amount of remuneration vests when the staff member receives payment and becomes the legal owner of the remuneration. Once the remuneration vests, no explicit ex-post adjustments can occur apart from clawback clauses.

**“Voting Rights”**

“Voting rights” shall be calculated on the basis of all the shares to which voting rights are attached even if the exercise thereof is suspended. Voting rights exercise in any of the following cases or a combination of them shall also be included:

(a) voting rights held by a third party with whom a person has concluded an agreement, which obliges the person and the third party to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer in question;

(b) voting rights held by a third party under an agreement concluded with a person providing for the temporary transfer for consideration of the voting rights in question;

(c) voting rights attaching to shares which are lodged as collateral with a person, provided the person controls the voting rights and declares its intention of exercising them;

(d) voting rights attaching to shares in which a person has the life interest;

(e) voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by a person;

(f) voting rights attaching to shares deposited with a

person which person can exercise at its discretion in the absence of specific instructions from the shareholders;

(g) voting rights held by a third party in its own name on behalf of a person;

(h) voting rights which a person may exercise as a proxy where the person can exercise the voting rights at its discretion in the absence of specific instructions from the shareholders.

Malta Financial Services Authority

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